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Message Text

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12
ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SS-15

NSC-05 SSO-00 NSCE-00 INRE-00 H-02 /061 W
---------- 114969
O R 090347Z FEB 76
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC IMMEDIATE 862
INFO AMEMBASSY CANBERRA
AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: EAIR, NZ
SUBJECT: CIVIAR: PAN AM AND NZ SPECIAL FARES PROBLEMS

REF STATE 027176

1. REFTEL RECEIVED TOO LATE ON FEB. 5 TO REACH GNZ
CIVIL AVIATION AUTHORITIES (AND FEB 6 WAS A HOLIDAY).

2. E/C COUNSELOR DID REACH MORGAN OF PAN AM. MORGAN SAID
HE HAD EARLIER RECEIVED ALONG TELEX WHICH INTER ALIA
INSTRUCTED HIM TO ADVISE GNZ THAT PAN AM PROPOSED TO FILE
IN ACCORDANCE WITH THE OCTOBER 20 ADVICE BUT INCLUDING UP
TO TWO TRANSFER POINTS EACHE WAY BY THE SAME CARRIER AT
SINGAPORE, HONG KON, LOS ANGELES, SAN FRANCISCO, HONOLULU,
SEATTLE OR NEW YORK AND ONE TRANSFER POINT BETWEEN INTERNATINAL
SERVICE OF CARRIERS AT SINGAPORE, HONG KONG, LOS ANGELES OR
SAN FRANCISCO WITH NOT OVER 2 NIGHTS LAYOVER. MORGAN SAID
HE HAD PASSED THIS TO F. NORTN, CONTROLLER OF AIR SERVICES
POLICY, VIA TELEPHONE ON FEB. 4 BUT HAD NOT YET
RECEIVED ANY INDICATION OF GNZ'S REACTION. MORGAN SAID THAT
THE TELEX ALSO INFORMED HIM THAT R.L. CARLSON, PAN AM
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STAFF V.P. FOR ECONOMIC AFFAIRS COULD BE AVAILABLE

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TO COME TO NZ THE WEEK OF FEB. 9 IF MORGAN BELIEVED
TALKS WOULD BE PRODUCTIVE.

3. E/C COUNSELOR REACHED NORTON EARLY FEB. 9 TO
PASS GIST OF REFTEL. NORTON ACKNOWLEDGED RECEIVING FROM
MORGAN INFORMATION ON PAN AM'S FILING. HE CHARACTERIZED
THIS AS MOST DISGRACEFUL THING HE HAD SEEN IN HIS SERVICE
WITH CIVIL AVIATION. HE SAID HE WOULD BE SURPRISED IF
USG WOULD SUPPORT SUCH A PAN AM MOVE WHICH IN EFFECT
PROPOSED A PREFERENCE FOR PAN AM OVER AIR NEW ZEALAND
(ANZ) AND BRITISH AIRWAYS (BA). HE SAID THE ISSUE NOW
IS THAT PAN AM (AND UTA - SEE PARA 2 OF WELLINGTON 0412)
MUST OBEY THE LAW WITHOUT FURTHER DELAY OR ACCEPT THE
PENALTIES. NORTON SAID A LETTER TO THE EMBASSY ALONG THIS
LINE WAS IN PREPARATION.

4. MORGAN OF PAN AM ADVISED E/C COUNSELOR A FEW MINUTES
AFTER ABOVE CONVERSATION THAT HE HAD JUST RECEIVED A LETTER
FROM NORTON DATED FEBRUARY 5 NOTING THAT PAN AM IS
CONTINUING IN BREACH OF ITS AIR SERVICE LICENSE BY DEFYING
A LAWFUL DIRECTIVE (THE GNZ ADVICE DATED OCTOBER 20, 1975, RE-
CEIVED BY PAN AM OCTOBER 28 - SEE WELLINGTON 75 3184). LETTER
ADVISED MORGAN THATUNLESS NORTON RECEIVED UNQUALIFIED
WRITTEN ASSURANCE THAT PAN AM WAS COMPLYING FULLY WITH
THE ABOVE DIRECTIVE ACCOMPANIED BY SIMULTANEOUS NOTICE TO
AGENTS WITHDRAWING PAN AM'S EXISTING NOTICE BY 12 NOON
FEBRUARY 10 (TUESDAY) THE MATTER WOULD BE PASSED TO THE
SOLICITOR GENERAL FOR APPROPRIATE ACTION. MORGAN POINTED
OUT THAT IT WOULD NOT BE POSSIBLE TO GET ACTION IN THIS
SHORT TIME SINCE WITH NEW YORK BEING 18 HOURS BEHIND NZ
TIME PAN AM'S OFFICES IN NY WERE STILL CLOSED AS IT WAS
SUNDAY NIGHT.

5. E/C COUNSELOR IMMEDIATELY CALLED DEPUTY SECRETARY
FOR TRANSPORT, A.J. EDWARDS, TO EXPRESS DISMAY AT THIS
PRECIPITOUS ACTON POINTING OUT THE UNLIKELIHOOD OF
GETTING ACTION IN NEW YORK ON SUNDAY. HE ALSO EXPRESSED
CONCERN THAT THE EMBASSY HAD NOT BEEN ADVISED THAT NORTON
WAS SENDING THIS ULTIMATUM TO PAN AM AT VERY TIME EMBASSY
WAS AWAITING A REPLY TO ITS TELEGRAM (WELLINGTON 0412)
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SENT AT NORTON'S REQUEST. AFTER QUICK CONSULTATION WITH
NORTON, EDWARDS CALLED BACK TO EXPRESS REGRETS THE EMBASSY
HAD NOT BEEN INFORMED AND TO SAY THE SUNDAY/MONDAY TIME
DIFFERENTIAL AND THE LONG WEEK-END HAD UNFORTUNATELY NOT BEEN TAKEN
INTO ACCOUNT. THEREFORE MORGAN WAS BEING ADVISED THE DEADLINE WAS
EXTENDED 24 HOURS. HE SAID UTA WHICH HAD ALSO BEEN SENT
THE SAME TYPE LETTER, WAS ALSO GIVEN A 24 HOURS EXTENSION.

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6. COMMENT
IT IS CLEAR GNZ IS INTERPRETING THELATEST PROPOSED
FILING BY PAN AM WITHUNAUTHORIZED TRANSFER AND
STOP-OVER POINTS IN EFFECT AS REFUSING TO COMPLY WITH THE
OCT. 20 CIVIL AVIATION DIRECTIVE. IT APPEARS THAT GNZ HAS
DECIDED NOT TO ALLOW THIS STATE OF AFFAIRS TO CONTINUE ANY
LONGER. THE RECENT ACTION BY UTA SIMILAR TO THAT BY PAN
AM OBVIOUSLY CONCERNS GNZ. IN ADDITION TO THE EMBARRASSMENT
TO GNZ, FEAR THAT OTHER LINES MAY FOLLOW SUIT IS BEING
GIVEN AS THE REASON FOR NOT DELAYING LONGER IN REQUIRING
PAN AM TO COMPLY WITH THE DIRECTIVE. THE MATTER HAS
REACHED A CRITICAL STAGE. IT IS LIKELY THAT UNLESS PAN AM
FILES IN COMPLIANCE WITH THE OCT. 20 DIRECTIVE BEFORE THE
DEAD-LINE OF 12 NOON FEBRUARY 11 (NZ TIME) THE MATTER WILL
BE PASSED TO THE SOLICITOR GENERAL.

7. COMMENT CONTINUED: THOUGH WE CANNOT GIVE ASSURANCE
THAT TALKS IN WELLINGTON BETWEEN CARLSON OF PAN AM
AND AIR NEW ZEALAND AND NEW ZEALAND CIVIL AVIATION OFFICIALS
WILL FULLY RESOLVE PRESENT ISSUES, WE BELIEVE TIME HAS COME
FOR SOMEONE IN A POSITION OF AUTHORITY IN PAN TO SIT DOWN
FACE-TO-FACE WITH NEW ZEALANDERS ON QUESTIONS
IN DISPUTE. MOOD OF NEW ZEALANDERS IS EXTREMELY
IMPATIENT AND THEY CLEARLY FEEL THAT UP TILL NOW
PAN AM IS NOT REPEAT NOT TAKING AIR NEW ZEALAND AND
NEW ZEALAND CIVIL AVIATION OFFICIALS SERIOUSLY.
THUS, WE THINK CARLSON OR SOMEONE WHO CAN SPEAK WITH
AUTHORITY FROM PAN AM SHOULD COME TO NEW ZEALAND WITHOUT
DELAY TO HAMMER OUT PRESENT ISSUES. OTHERWISE, SITUATION
CAN ONLY DETERIORATE FURTHER. WOULD APPRECIATE URGENT
RESPONSE FROM DEPARTMENT. END COMMENT.

8. ANSWERS TO QUESTIONS POSED IN PARA. 5 OF REFTEL
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FOLLOW BY SEPARATE CABLE.
SELDEN

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Disposition Authority: morefirh
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